

REPORT AM1: EXPENDITURE FORECASTS AND RECONCILIATION

Electricity Distribution Business: **Waipa Networks**
 For Year Ended **2012**
 (\$'000)

A) Five year forecasts of expenditure
 From most recent Asset Management Plan

Forecast Years

for year ended	Actual for Current Financial Year	Forecast Years					
	2012	year 1	year 2	year 3	year 4	year 5	
2013	2013	2014	2015	2016	2017		
Capital Expenditure: Customer Connection	1,574	1,902	1,902	1,954	1,954	1,954	from FS2
Capital Expenditure: System Growth	331	585	195	487	195	585	from FS2
Capital Expenditure: Reliability, Safety and Environment	2,059	3,868	4,209	4,405	13,521	963	from FS2
Capital Expenditure: Asset Replacement and Renewal	553	950	950	950	703	703	from FS2
Capital Expenditure: Asset Relocations	277	688	1,438	938	938	-	from FS2
Subtotal - Capital Expenditure on asset management	4,794	7,993	8,694	8,734	17,311	4,205	
Operational Expenditure: Routine and Preventative Maintenance	856	1,567	1,567	1,567	1,567	1,567	from FS1
Operational Expenditure: Refurbishment and Renewal Maintenance	271	146	146	146	146	146	from FS1
Operational Expenditure: Fault and Emergency Maintenance	595	451	451	451	451	451	from FS1
Subtotal - Operational Expenditure on asset management	1,722	2,164	2,164	2,164	2,164	2,164	
Total direct expenditure on distribution network	6,516	10,157	10,858	10,898	19,475	6,369	
Overhead to Underground Conversion Expenditure	775						

The Electricity Distribution Business is to provide the amount of Overhead to Underground Conversion Expenditure included in each of the above Expenditure Categories (explanatory notes can be provided in a separate note if necessary).

B) Variance between Previous Forecast for the Current Financial Year, and Actual Expenditure

	Actual for Current Financial Year (a)	Previous forecast for Current Financial Year (b)	% Variance (a)/(b)-1	
Capital Expenditure: Customer Connection	1,574	1,947	-19.2%	from row 10
Capital Expenditure: System Growth	331	65	408.5%	from row 11
Capital Expenditure: Reliability, Safety and Environment	2,059	1,932	6.6%	from row 12
Capital Expenditure: Asset Replacement and Renewal	553	842	-34.3%	from row 13
Capital Expenditure: Asset Relocations	277	-	Not defined	from row 14
Subtotal - Capital Expenditure on asset management	4,794	4,786	0.2%	
Operational Expenditure: Routine and Preventative Maintenance	856	1,567	-45.4%	from row 17
Operational Expenditure: Refurbishment and Renewal Maintenance	271	146	85.4%	from row 18
Operational Expenditure: Fault and Emergency Maintenance	595	451	32.0%	from row 19
Subtotal - Operational Expenditure on asset management	1,722	2,164	-20.4%	
Total direct expenditure on distribution network	6,516	6,950	-6.2%	

Explanation of variances

Distribution Business must provide a brief explanation for any line item variance of more than 10%

Explanatory notes (can be provided in a separate note if necessary):

Capital Expenditure

With fewer new customer connections resources were reallocated to:

- * incremental upgrade of an aged feeder (system growth)
- * improving reliability via various projects
- * relocation of existing assets as required by councils

Operation Expenditure

- * the speeding up of asset replacements reduced the need for renewal maintenance
- * fault maintenance is by its nature event driven and unpredictable.